

SBA SHIPYARD INC

TO

KEEVAC SHIPYARDS

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UNITED STATES OF AMERICA
STATE OF LOUISIANA
PARISH OF JEFFERSON DAVIS

COMMERCIAL LEASE

BE IT KNOWN AND REMEMBERED that on the date hereafter shown and before the undersigned authority and in the presence of the undersigned good and competent witnesses,

PERSONALLY CAME AND APPEARED:

S.B.A. Shipyard, Inc., a corporation organized under the laws of Louisiana, appearing herein through Louis Smailhall; its duly authorized president, acting pursuant to corporate resolutions, an extract of which is attached hereto as Exhibit "A", whose Tax Identification Number is 720602084, whose present mailing address is 4996 Castex Landing, Jennings, Louisiana 70546, hereinafter called "LESSOR"; and

LEEAC Shipyards, Inc., a corporation organized under the laws of Louisiana, appearing herein through W. F. Stokes; its duly authorized President, acting pursuant to corporate resolutions, an extract of which is attached hereto as Exhibit "B", whose Tax Identification Number is 72-1086043, whose present mailing address is P.O. Box 1190, Jennings, Louisiana 70546, hereinafter called "LESSEE";

who have mutually covenanted and agreed as follows:

1. LEASE: LESSOR hereby leases to LESSEE to occupy and use the following described property in the Parish of Jefferson Davis (the "leased property"):

See Exhibit "C" for real property description.
See Exhibit "D" for equipment description.

2. TERM: The original term of this lease shall be from December 7, 1993 to December 7, 1994. At the end of the original term or any renewal term of this lease, if LESSEE has given thirty days' written notice prior thereto to LESSOR at the address shown above, LESSEE shall have the option to renew the lease for four additional one year terms at the same rental and under the same terms provided in this lease, provided that LESSEE shall have no right to renew if LESSEE is in default under the terms of this lease.

3. OPTION TO PURCHASE: During the original term or any renewal term of this lease, Lessee shall have the option to purchase the leased property on terms and for a purchase price as follows: Lessee shall give Lessor not less than thirty (30) days written notice of Lessee's intent to purchase the leased property. The purchase price shall be one million seven hundred thousand (\$1,700,000.00) dollars less a credit for all lease payments made by Lessee to Lessor under this lease.

Closing of the act of sale on the leased property shall occur on the next rent payment date which shall be not less than thirty (30) days from the date of Lessee's notice to Lessor of Lessee's intent to purchase the leased property. Taxes shall be prorated to date of sale; and the purchase price shall be paid in cash at closing, unless otherwise agreed to by the parties, before Lessee's notary.

4. RENTAL: As rental for the leased property LESSEE agrees to pay a monthly rental of \$17,000.00 payable in advance on the first day of each month, beginning December 7, 1993. Should LESSEE fail to pay the rent within ten days of the due date, then shall

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also be due a late charge equal to 10% of the rent due for that month. No rent payment shall be considered delinquent and subject to a late charge if it is mailed postage prepaid to the LESSOR's address given above within ten days of the date due.

5. USE: LESSEE is obligated not to use the leased property for any purpose that is unlawful, and the violation of any law by LESSEE shall be a justifiable cause for cancellation of this lease by LESSOR, at LESSOR'S option.

6. WARRANTY: LESSOR warrants that LESSOR is the owner of the leased property and has the right to give LESSEE possession under this lease, and will, so long as this lease remains in effect, warrant and defend LESSEE'S possession against any and all persons.

7. REPAIRS AND MAINTENANCE: LESSOR warrants that the leased property is in good condition. LESSEE agrees to keep the leased property in good condition during the term of the lease at LESSEE'S expense and to return them to LESSOR in the same condition at the termination of the lease, normal decay, wear and tear excepted.

Lessee shall be obligated to make all repairs to the leased property at Lessee's sole cost and expense. However, should Lessee determine that a particular item of leased property identified on Exhibit "D" has become so expensive to maintain and/or operate that Lessee no longer desires to use the item, Lessee may return such item of leased property to Lessor and Lessee's obligation to maintain and repair that item shall cease upon delivery to Lessor. The return of an item of leased property by Lessee shall not be a cause for reduction of the monthly rental provided in Paragraph 4 above.

LESSEE agrees not to permit the presence, use, disposal, storage or release of any hazardous substances upon the leased premises during the term of this lease.

8. TAXES AND UTILITY CHARGES: LESSEE agrees to pay punctually all charges for gas, electricity, telephone, water, and cable services, or any other utilities used or consumed at the leased premises during the term of this lease. LESSOR agrees to pay punctually all ad valorem taxes and assessments due on the leased premises during the term of this lease.

9. INDEMNIFICATION: LESSEE shall occupy the leased premises at its own risk and shall indemnify, hold harmless and defend LESSOR against any expense, loss, cost, penalty, damage, claim, action or liability paid, suffered or incurred including attorney's fees as a result of any breach by LESSEE, LESSEE'S agent, servants, employees, customers, visitors or licensees of any covenant or condition of this lease, or as a result of LESSEE'S use or occupancy of the leased property or the carelessness, negligence or improper conduct of LESSEE, its agents, servants, employees, customers, visitors or licensees. LESSEE agrees to obtain and maintain liability insurance with \$5,000,000.00 limits, and to have LESSOR named as an additional insured on said policy or policies.

10. ADDITIONS AND ALTERATIONS: Neither LESSOR nor LESSEE shall make any additions or alterations to the leased property without written permission of the other. However, LESSOR or LESSOR'S agents shall have the right to enter the premises for the purposes of inspecting the condition of the leased property.

11. ACCESS: In the event of LESSEE vacating the premises, LESSOR shall be notified in writing where the keys may be had in order that the premises may be inspected or shown to prospective tenants or purchasers as provided below.

12. SURRENDER OF POSSESSION: At the expiration of this lease or at its termination for other causes, LESSEE is to immediately surrender possession by actual delivery of all keys to LESSOR.

13. ABANDONMENT: Should the premises be abandoned by LESSEE or should LESSEE begin to remove personal property to the detriment of LESSOR'S lien, then the rent for the unexpired term, with reasonable attorney's fees, shall immediately become due, and LESSOR, at LESSOR'S option, may cancel the lease or re-enter and let the leased property for such price or on such terms as may be immediately obtainable, and apply the net amount realized to the amount due by LESSEE.

14. DEFAULT: Should the LESSEE fail to pay the rent or any other charges arising under this lease promptly as stipulated; or should voluntary or involuntary bankruptcy proceedings be commenced by or against LESSEE; or should LESSEE make an assignment for benefit of creditors; then, in any of the said events, LESSEE shall be ipso facto in default and LESSOR may demand the rent for the whole unexpired term of the lease, or proceed one or more times for past due installments without prejudicing LESSOR'S rights to proceed later for the rent for the then unexpired term.

15. ATTORNEY'S FEES: If an attorney is employed to protect any right of LESSOR or LESSEE arising under this lease, the party whose fault necessitates such employment shall pay reasonable attorney's fees to the other.

16. SUBLEASE: LESSEE may not sublease or assign this lease.

17. SUPERIOR MORTGAGE: In the event that LESSOR is in default on any obligation secured by a mortgage superior in rank to this lease, LESSEE shall have the right to make payments sufficient to cure the default and/or make the payments due under the mortgage obligation, and to deduct the same from the rent due to LESSOR.

18. ENVIRONMENTAL CONSIDERATIONS: Except as limited below, Lessee agrees to protect, indemnify, defend, reimburse and hold harmless Lessor from and against any and all losses, cost, penalties, fines, liabilities, damages or expenses (including without limitation, reasonable attorney's fees and costs) connected with:

- a) The introduction by Lessee of any hazardous substances as defined in the Comprehensive Environmental Response Liability Act ("CERCLA") ("Hazardous Substances") into or on the Leased Premises; however, Lessor shall remain responsible for, and shall protect, defend and indemnify Lessee for all liability incident to, arising out of, or related in any way to hazardous substances, flowing, migrating, seeping, leaching, or otherwise encroaching onto the Leased Premises from any property owned or controlled by Lessor;
- b) Any violation of any laws by Lessee pertaining to the condition of the Leased Premises to the extent caused by Lessee during the Lease, unless the presence of such Hazardous Substance(s) arises from the action of Lessor and/or third party or parties, known or unknown, occurring outside the Leased Premises and flowing, migrating, seeping, leaching or otherwise encroaching on, under or about the Leased Premises.

The Lessee does not assume or agree to be responsible for and Lessor shall protect, defend, indemnify and hold harmless Lessee, its stockholders, directors, officers, employees, agents, successors and assigns from and against any and all losses, damages, costs, expenses or liabilities (including reasonable attorney's fees and costs) directly or indirectly arising out of or

Governmental Act, law, Ordinance, Rule or Regulation) located on, under or about the Leased Premises prior to and at the time of the commencement of this Lease.

19. LESSOR'S RIGHT-OF-WAY: During the term of this lease, Lessor and Lessor's employees shall have the right to cross the leased premises in order to gain access to Lessor's property located behind the leased premises. Lessor agrees and binds itself to protect, defend and to hold Lessee harmless from and against any and all costs (including reasonable attorney's fees) claims, demands, actions, liabilities, penalties, damages or responsibilities arising out of the use of this right of passage by Lessor or Lessor's employees, agents, customers, visitors or licensees.

20. LESSOR'S USE OF OFFICE: During the primary term of this lease and any extensions thereof, Lessor shall have the right to use two (2) offices in the office building located on the leased premises and the office equipment contained therein. Such right of use shall be at no expense to Lessor. Lessor agrees and binds itself to protect, defend and to hold harmless from and against any and all costs (including reasonable attorney's fees) claims, demands, actions, liabilities, penalties, damages or responsibilities arising out of this right of use by Lessor or Lessor's employees, agents, customers, visitors or licensees.

THUS DONE AND PASSED on December 7th, 1993 at Jennings, Parish of Jefferson Davis, State of Louisiana, the undersigned parties having affixed their signatures in the presence of me, Notary, and the undersigned witnesses, after due reading of the whole.

WITNESSES:

S.B.A. SHIPYARD, INC.

John J. W. Bertrand

BY:

Louis Smithall
LOUIS SMITHALL, President

Henry A. La Josse

LEEYAC SHIPYARD, INC.

John J. W. Bertrand

BY:

W. F. Stokes
W. F. STOKES, President

Henry A. La Josse

Sharon C. Taylor

NOTARY PUBLIC

Jeff Davis Parish
Jennings, Louisiana